

Message Text

PAGE 01 OECD P 00003 182004Z

64

ACTION EUR-25

INFO OCT-01 EA-11 NEA-10 IO-14 ISO-00 AID-20 CEA-02

CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01

OPIC-12 SPC-03 TRSE-00 CIEP-02 LAB-06 SIL-01 OMB-01

STR-08 AGR-20 OIC-04 SS-20 NSC-10 L-03 PA-04 PRS-01

USIA-15 DRC-01 /218 W

----- 014460

P R 181643Z OCT 73

FM USMISSION OECD PARIS

TO SECSTATE WASHDC PRIORITY 878

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY LONDON

USMISSION EC BRUSSELS UNN

USMISSION USNATO

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS UNN

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY WELLINGTON

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 OECD P 00003 182004Z

USMISSION GENEVA

LIMITED OFFICIAL USE SET 3 OF 3 OECD PARIS 27202

10. U.S. REMINDED EXPERTS THAT JULY MANDATE OF XCSS HAD INSTRUCTED SECRETARIAT TO EXPLORE POSSIBILITY OF SETTING UP GUIDELINES, RATHER THAN GOING DIRECTLY INTO EXERCISE AS SUGGESTED IN SECRETARIAT'S DOCUMENT. FURTHERMORE, WE NOTED THAT JULY MANDATE APPEARED TO HAVE RATHER CLEAR SEPARATION BETWEEN WORK ON GENERAL INVESTMENT POLICIES, WHICH DIRECTLY INVOLVED DRAFTING OF GUIDELINES AND CONSULTATION PROCEDURES WITH ASSISTANCE OF EXPERTS, AND MNC EXERCISE WHICH IS MORE GEARED TOWARD UTILIZATION NORMAL MACHINERY OF OECD AND PARTICULARLY CONSULTATIONS WITH BIAC AND TUAC. U.S. INDICATED APPROACH OF UTILIZING EXPERTS AND XCSS MORE DIRECTLY IN MNC EXERCISE NOT NECESSARILY OBJECTIONABLE, BUT MERELY THAT THIS WAS PROCEDURAL POINT ON WHICH XCSS GUIDANCE SHOULD BE SOUGHT. U.S. ALSO STATED THAT WHILE NEW COOPERATION ON GOVERNMENTAL INVESTMENT POLICIES MIGHT TAKE CARE OF SOME OF GOVERNMENTAL OBLIGATIONS VIS-A-VIS MNC'S, POSSIBLE DEVELOPMENT OF CODE FOR MNC'S SHOULD TAKE ACCOUNT OF PARALLEL NEED TO PRESCRIBE OBLIGATIONS FOR GOVERNMENTS IN THEIR TREATMENT OF MNC'S. U.S. STRESSED THAT IT DID NOT WISH TO BE NEGATIVE IN THIS AREA AND THAT SEC GEN UNDER MANDATE SHOULD PROCEED TO ELICIT VIEWS OF GOVERNMENTS, BIAC AND TUAC ON POSSIBILITY OF GUIDELINES. AT SAME TIME, IN ACCORDANCE JULY MANDATE, SEPARATION SHOULD BE MAINTAINED BETWEEN EXERCISE ON GOVERNMENTAL INVESTMENT POLICIES, ON ONE HAND, AND QUESTION OF MNC GUIDELINES ON OTHER HAND. SWISS, CANADIANS AND DUTCH AGREED THAT THERE COULD BE PARALLELISM IN GOVERNMENT AND MNC OBLIGATIONS UNDER ANY GUIDELINES. HOWEVER, CANADIANS BROUGHT OUT SEPARATE DISTINCTION THAT IT WAS NOT SUFFICIENT TO LOOK AT JUST RELATIONSHIPS BETWEEN MNC SUBSIDIARY AND HOST COUNTRY GOVERNMENT, BUT ALSO RELATIONSHIP BETWEEN HOST COUNTRY GOVERNMENT AND GOVERNMENT OF PARENT COMPANY. SECRETARIAT CLARIFIED THAT ITS CONCEPTION OF GUIDELINES INVOLVED PRINCIPLES OF A NATURE WHICH BY DEFINITION HAD NO SANCTIONS, SINCE THEY WERE NOT COVERED BY NATIONAL LEGISLATION OR BY INTERGOVERNMENTAL AGREEMENTS OF A BINDING NATURE. UNDER THIS CONCEPT, SECRETARIAT FOUND SOME DIFFICULTY IN GIVING MEANINGFUL DEFINITION TO GUIDELINES

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 OECD P 00003 182004Z

THAT WOULD BE APPLICABLE TO GOVERNMENTS. MOST DELEGATIONS WHO SPOKE ON SUBJECT STRESSED NEED FOR BETTER INFORMATION AND ANALYSIS OF MNC'S AND THEIR OPERATIONS. SOME GOVERNMENTS, SUCH AS BELGIUM AND NETHERLANDS, SUGGESTED THAT ALTERNATIVE TO GUIDELINES IN SOME AREAS MIGHT BE TO DEVELOP SET OF SPECIFIC INTERGOVERNMENTAL AGREEMENTS, SUCH AS ON TRANSFER PRICING. OVERALL DISCUSSION SHOWED THAT, WITH POSSIBLE EXCEPTION OF SWEDEN, COUNTRIES DID NOT HAVE CLEAR IDEAS AS TO WHAT THEY MEANT BY MNC GUIDELINES AND DISTINCTION BETWEEN MNC'S AND NON-MNC INVESTMENT TENDED TO BECOME BLURRED. FOR EXAMPLE, CANADIANS MADE CLEAR THEIR GUIDELINES APPLIED TO ALL FOREIGN BUSINESS OPERATIONS IN CANADA.

11. AT END OF DISCUSSION, SECRETARIAT SEEMED PUZZLED AS TO HOW TO HANDLE REPORT ON MNC ITEM TO XCSS. SECRETARIAT FELT THAT WHILE ISSUE CONTINUES TO BE CONSIDERED BY MANY COUNTRIES AS IMPORTANT AREA FOR OECD HANDLING, THERE IS NOT CLEAR CONSENSUS ON HOW TO APPROACH QUESTION OF GUIDELINES AND WHAT MIGHT BE THEIR SPECIFIC CONTENT, EVEN THOUGH MAJORITY OF COUNTRIES GENERALLY ENDORSED LIST OF TOPICS IN SECRETARIAT'S PAPER (PARA D1 (I) OF REFD0C). SECRETARIAT MAY INVITE FURTHER DISCUSSION THIS TOPIC BY XCSS AS WAY OF SEEKING MORE SPECIFIC GUIDANCE ON HOW TO PROCEED. (IN COURSE MNC DISCUSSION, REPRESENTATIVES OF VARIOUS OECD COMMITTEES INVOLVED WITH QUESTION MADE STATUS REPORTS TO EXPERTS. ABRAMOWSKI'S GENERAL APPROACH SEEMED TO BE THAT OF LOOKING TO SPECIALIZED COMMITTEES FOR FACTUAL DATA AND FOR TECHNICAL WORK, BUT OF KEEPING CENTRALIZED COORDINATION OF MNC EXERCISE IN XCSS AND EXPERTS GROUP.)

12. PREPARATION FOR XCSS AND BEYOND. ABRAMOWSKI STATED THAT WHILE HIS VIEWS WERE SUBJECT TO FINAL APPROVAL BY SEC GEN, HE WAS PROCEEDING WITH PLANS TO PREPARE WRITTEN DOCUMENT FOR XCSS WHICH WOULD DRAW ON VARIOUS VIEWS ADVANCED AT EXPERTS MEETING AND AND POSE SEVERAL INVESTMENT ISSUES FOR FURTHER CLARIFICATION AND, WHERE POSSIBLE, MORE SPECIFIC GUIDANCE BY XCSS. SUMMATION OF EXPERTS' VIEWS WOULD BE GENERAL AND WOULD NOT SINGLE OUT VIEWS EXPRESSED BY INDIVIDUAL COUNTRY EXPERTS.

13. ABRAMOWSKI FELT THAT EXPERTS MEETING HAD BEEN VERY USEFUL AND STATED HIS PLANS FOR ADDITIONAL MEETINGS. HE THOUGHT NEXT EXPERTS MEETING SHOULD TAKE PLACE AFTER XCSS BUT BEFORE END OF LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 04 OECD P 00003 182004Z

YEAR, ROUGHLY END NOV, EARLY DEC. AS WORK PROGRESSED, THERE WOULD THEN BE NEED FOR ADDITIONAL MEETINGS OF EXPERTS. COMPOSITION OF EXPERTS MIGHT NEED SOME MODIFICATION IN CASES WHERE SPECIFIC TECHNICAL EXPERTISE MIGHT BE REQUIRED ON SPECIALIZED TOPICS.

14. COMMENT. WE AGREE WITH ABRAMOWSKI'S ASSESSMENT THAT EXPERTS SESSION WAS USEFUL IN ISOLATING DEGREE OF CONCERN OR LACK THEREOF WITH PARTICULAR ASPECTS OF ISSUES DISCUSSED MORE GENERALLY IN XCSS. LEVEL OF DISCUSSION AND DEGREE OF KNOWLEDGE OF SUBJECT SHOWN BY EXPERTS WAS HIGH AND WHILE EXPERTS OBVIOUSLY REPRESENTED VIEWS OF THEIR GOVERNMENTS, THERE WAS AT LEAST A DEGREE OF INFORMALITY AND AN ATTEMPT TO LOOK AT PROBLEMS IN FUNDAMENTAL, ECONOMIC AND POLITICAL CONTEXT. WHILE ABRAMOWSKI IN PRIVATE CONVERSATION WAS NOT IN POSITION GIVE DEFINITIVE VIEWS ON ISSUES THAT WOULD BE PRESENTED TO XCSS, AS INDICATED ABOVE, WE BELIEVE TOPICS WILL INCLUDE NATIONAL TREATMENT, INCENTIVES AND MNC'S, WHILE TAKEOVER QUESTION MAY BE DROPPED.
BROWN

LIMITED OFFICIAL USE

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 15 APR 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 18 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973OECDP00003
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: n/a
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731068/dcgcaay.tel
Line Count: 165
Locator: TEXT ON-LINE
Office: n/a
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 25 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25-Jul-2001 by thigpegh>; APPROVED <20-Sep-2001 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 19990416
Subject: DISCUSSION ON MNC ITEM TO XCSS
TAGS: ECON, ETRD
To: STATE INFO ANKARA
ATHENS
BERN
BONN
BRUSSELS
CANBERRA
COPENHAGEN

DUBLIN
THE HAGUE
HELSINKI
LISBON
LONDON
EC BRUSSELS UNN
USNATO
LUXEMBOURG
MADRID
OSLO
OTTAWA
PARIS UNN
REYKJAVIK
ROME
AMEMBASSY STOCKHOLM
TOKYO
VIENNA
WELLINGTON
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE
Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005